

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 9, 2008
POSITION: Neutral, note concerns

BILL NUMBER: SB 1423
AUTHOR: S. Kuehl

BILL SUMMARY: Unlisted Telephone Numbers

This bill would prohibit telephone corporations from charging subscribers who choose not to have their names or telephone numbers listed in a directory or publicly available directory assistance database.

FISCAL SUMMARY

The California Public Utilities Commission (PUC) indicates this bill would result in costs to conduct rulemaking and tariff reviews. The PUC estimates these costs to be \$240,000 on a one-time basis. Also, this bill may result in an economic impact to telephone service providers.

Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not reimbursable by the state. Therefore, any local government costs resulting from the mandate in this measure would not be state-reimbursable, because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

COMMENTS

Finance is neutral but notes concern with this bill because of potential costs to the PUC and the economic impact to industry. However, this bill may help protect an individual's right to privacy.

In 2006, the telephone industry was largely deregulated. Verizon Communications Inc., with 4 million lines, raised its unlisted number rates to \$1.75 a month from \$1.50. A smaller carrier, SureWest Communications increased its unlisted number fee last year to \$1.99 a month from 30 cents. Citizens Communications Company charges \$1.99 a month, up from the previous fee of \$1.00. AT&T, the state's largest carrier with about 8 million residential lines, recently raised its unlisted number rates to \$1.25 a month from 28 cents. AT&T indicates that this bill will result in revenue losses of approximately \$50 million.

Current law prohibits certain small telephone companies and cellular telephone companies from charging subscribers who want an unlisted telephone number. The author's intent is that people should not have to pay to protect their privacy and by allowing telephone companies to charge for unlisted numbers, the companies are discouraging customers from protecting their privacy. This bill will allow consumers a protection of their privacy at no additional cost. About 40 percent of California's 12 million, nonmobile phone users have unlisted phone numbers.

The PUC reports that, as a result of this bill, some carriers intend to petition the commission to amend the definition of "basic service" to eliminate requirements that local exchange carriers provide a free white page directory and a free listing per subscriber in the directory. The rulemaking procedures, as well as likely tariff review requests resulting from this bill would result in estimated costs of \$240,000 on a one-time basis.

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Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL NUMBER

SB 1423

		SO	(Fiscal Impact by Fiscal Year)							
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP						Fund	
Type		RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
8660/PUC		SO	No		--	B	\$120	B	\$120	0462
<u>Fund Code</u>	<u>Title</u>									
0462	Publ Utilities Comm Utilities Reimb Acct									